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(c) Investment objectives. The following are the investment objectives for Lake County invested funds.

- (1) Safety of capital. Safety of capital is regarded as the highest priority in the handling of investments for the county. All other investment objectives are secondary. Each investment transaction shall seek to first ensure that capital losses are avoided.

From time to time, however, securities may be traded for other similar securities to improve yield, maturity or credit risk. For these transactions, a loss may be incurred for accounting purposes, provided any of the following occurs with respect to the replacement security:

- a. The yield is increased, or
- b. The maturity is reduced, or
- c. The quality of the investment is improved.

- (2) Maintenance of adequate liquidity. The investment portfolio must be structured in such a manner that will provide sufficient liquidity to pay obligations as they become due.

- (3) Return on investments. The investment portfolio shall be designed to attain a market rate of return, taking into account investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety of capital and liquidity.

- (d) Performance measurement. The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The rate earned on a fifty-two-week treasury bill will be the benchmark to which the portfolio will be compared to when making an investment decision.

- (e) Prudence and ethical standards. The persons performing the investment functions, acting as a "prudent person" in accordance with these written policies and procedures, and exercising due diligence, shall not be responsible for an individual security's credit risk or market price changes provided that appropriate monitoring efforts are performed.

The "prudent person" standard states the following: Investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with state statutes, county ordinances, proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials shall disclose to the board any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the county's investment portfolio. Investment officials shall subordinate their personal investment transactions to those of the county, particularly with regard to the timing of purchase and sales.

- (f) Authorized investments. In accordance with F.S. § 218.415(16), authorized investments include:

- (1) Any intergovernmental investment pool authorized pursuant to Florida Statutes.
- (2) Securities and exchange commission registered money funds with the highest credit quality rating from a nationally recognized rating agency.
- (3) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in F.S. § 280.02.
- (4) Direct obligations of the United States Treasury.
- (5) Federal agencies and instrumentalities.
- (6) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. §§ 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- ~~(7) Repurchase agreements comprised only of those investments as authorized in subsections (2), (3), and (4).~~
- ~~(8) Commercial Paper of U.S. Corporations rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard and Poor's.~~
- ~~(9) State and/or local government taxable and tax exempt debt, general obligation and/or revenue bonds rated at least "AA" by Moody's and "AA" by Standard & Poor's for long-term debt or rated at least MIG-2 by Moody's and SP-2 Standard & Poor's for short-term debt.~~
- ~~(10) The Florida Local Government Investment Trust.~~
- ~~(11) Investment in special assessment bonds issued by the county to facilitate the financing of special assessment projects within the county. Such bonds are secured by a lien on the property and by a pledge of the 9th cent gas tax collected by the county.~~
- (9) Other investments as authorized by law.
- (g) Maturity and liquidity requirements.
 - (1) A liquidity base of approximately two (2) months of anticipated disbursements, excluding bond construction payments made from escrow or trust accounts, will be kept in relatively short-term investments. These include the county's interest-bearing checking account, authorized intergovernmental investment pools, certificates of deposit, repurchase agreements and U.S. treasury obligations.
 - (2) Although many securities are acceptable for investment using the legal authorized list, some are not desirable from a liquidity standpoint. Accordingly, although investments may be on the authorized list, only those securities with an active secondary market may be purchased from that list.
- (h) Portfolio composition. Prudent investing necessitates that the portfolio be diversified as to instruments and dealers. The following maximum limits are guidelines established for

diversification by instrument. These guidelines may be revised by the clerk for specific circumstances:

- ~~(1) Repurchase agreements ten (10) percent.~~
- ~~(21) Certificates of deposit sixty (60) percent.~~
- ~~(32) U.S. Treasury Bills/Notes seventy-five (75) percent.~~
- ~~(43) Other U.S. Government agencies thirty (30) percent.~~
- ~~(5) Commercial paper twenty (20) percent.~~
- ~~(64) Special assessment bonds issued by the county two (2) percent.~~

No more than thirty (30) percent of the entire portfolio may be placed with any one (1) commercial bank, savings and loan, authorized intergovernmental investment pool, or broker/dealer, except for funds which are in a qualified public depository or are FDIC insured.

(i) Risk and diversification. The investment portfolio will be diversified to avoid incurring unreasonable risks regarding specific security types or individual financial institutions. Policies regarding portfolio composition (subsection (h)) and the use of authorized investment institutions and dealers (subsection (j)) have been adopted to minimize risk. In addition, no security shall have an estimated average return of principal exceeding five (5) years except for special assessment bonds issued by the county which may have a maturity of seven (7) years. The weighted average duration of principal return for the portfolio shall be two (2) years or less. When structuring the maturity composition of the portfolio, the team will evaluate current and expected interest rate yields based upon general market conditions. However, after an investment has been purchased, the intent will be to hold the investment until maturity, unless there is a business reason for selling it.

(j) Authorized investment institutions and dealers. The county shall only purchase securities from financial institutions that are qualified as public depositories by the Treasurer of the State of Florida or from primary or secondary securities dealers (or their agents) as designated by the Federal Reserve Bank of New York.

(k) Third party custodial agreements. All investment securities purchased, except certificates of deposit, shall be held in safekeeping at an institution designated by the clerk. The institution shall issue a safekeeping receipt to the clerk's office listing the specific instrument, par value, rate, maturity and any other pertinent information. In addition, the safekeeping institution shall send a report on at least a quarterly basis listing all securities held in each safekeeping account that shall be verified by the clerk's office. All trades where applicable will be executed by delivery vs. payment to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

~~Certificates of deposit issued by a local bank may be held in safekeeping at that institution or secured in the county finance department. The institution shall issue a copy of the certificate of deposit, a safekeeping receipt, or some other confirmation of the purchase which is satisfactory to the clerk, to be kept on file in the clerk's office and which indicates the amount, interest rate, issue date and maturity date of the certificate of deposit.~~

~~(l) Master repurchase agreement. In the event that the county chooses to invest in repurchase agreements (other than that entered into in connection with a banking services contract), the county will adopt the provisions of the master repurchase agreement as published by the public securities association. The county will require all approved institutions and dealers~~

transacting repurchase agreements to execute and perform as stated in the master repurchase agreement. In addition, all repurchase agreements shall adhere to the requirements of the master repurchase agreement. The maximum maturity for any single repurchase agreement will be one (1) year.

(m) Bid requirement. In order to ensure that the county gets the best rates possible on its investments, investments selected for purchase will be competitively bid, except for the reinvestment of certificates of deposit. Certificates of deposit may be renewed if the rate offered by the issuing bank exceeds the return of similar certificates at local banks. Competitive quotes for various instruments will be solicited from among the authorized institutions. A record will be kept of the bids offered, the bids that were accepted and the rationale for making the decision. Alternatively, the county may use professional consultants in the purchase of securities.

(n) Internal controls.

(1) The chief deputy clerk - county finance department is responsible for establishing and maintaining an internal control structure designed to ensure that county assets are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. Accordingly, the chief deputy clerk - county finance shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- a. Separation of transaction authority between accounting and recordkeeping.
- b. Custodial safekeeping.
- c. Avoidance when possible of physical delivery securities.
- d. Written confirmation of transactions for investments and wire transfers.
- e. Development of a wire transfer agreement with the lead bank and third party custodian.

(o) Investment decisions. The clerk shall have final approval for all investments purchased. The clerk shall consult with and discuss alternative investment strategies and short-range plans and monitoring of the performance and structure of the portfolio with the senior chief deputy clerk, chief deputy clerk - county finance, accounting director, budget director, county manager and county attorney prior to making investment purchases.

(p) Continuing education. Annually, the clerk and chief deputy clerk - county finance will complete eight (8) hours of continuing professional education in subjects related to investment practices and products each year as required in F.S. § 218.415(14).

(q) Reporting. The chief deputy clerk - county finance shall submit to the board a semi-annual investment report listing all of the investments held, including book and market value, and summarizing recent market conditions, economic developments and investment conditions. The report shall also provide the amount of interest earned to date on a cash basis versus budgeted amounts and the cumulative interest earned during the year.

Section 3. Severability. If any section, sentence, clause or phrase or the Ordinance is held to be invalid or unconstitutional by any court of competent jurisdiction, then said holding shall in no way effect the validity of the remaining portion of this Ordinance.

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2 **Section 4. Inclusion in the Code.** It is the intent of the Board of County
3 Commissioners that the provisions of this Ordinance shall become and be made a part of the
4 Lake County Code and that the sections of this Ordinance may be renumbered or relettered and
5 the word "ordinance" may be changed to "section", "article" or such other appropriate word or
6 phrase in order to accomplish such intentions.

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8 **Section 5. Filing with the Department of State.** The clerk shall be and is hereby
9 directed forthwith to send a certified copy of this Ordinance to the Secretary of State for the State
10 of Florida.

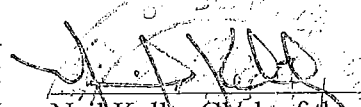
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12 **Section 6. Effective Date.** This Ordinance shall become effective upon filing with
13 the Secretary of State.


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15 Enacted this 15th day of December, 2015.

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17 Filed with the Secretary of State December 28, 2015.

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21 ATTEST:

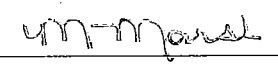
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23
24 BOARD OF COUNTY COMMISSIONERS
25 OF LAKE COUNTY, FLORIDA

26 
27 _____
28 Neil Kelly, Clerk of the
29 Board of County Commissioners
30 of Lake County, Florida

31 
32 _____
33 Sean M. Parks, Chairman

34 This 17th day of Dec., 2015.

35 Approved as to form and legality:

36 
37 _____
38 Melanie Marsh, County Attorney